

County of Presque Isle, Michigan

Reports on Compliance
and
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2004

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**REPORT ON INTERNAL CONTROL OVER REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Honorable Chairman and Members of
The Board of Commissioners
Presque Isle County
Rogers City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Presque Isle, Michigan, except for the Road Commission which was audited by other auditors, as of and for the year ended, December 31, 2004, which collectively comprise the County of Presque Isle, Michigan's basic financial statements and have issued our report thereon dated March 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Presque Isle County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over the financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect Presque Isle County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1.

Honorable Chairman and Members
of the Board of Commissioners
County of Presque Isle, Michigan

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of Presque Isle County in a separate letter dated March 4, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Presque Isle, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and questioned costs as item 04-1 and in the accompanying summary schedule of prior year findings and questioned costs as item 03-1. We also noted immaterial instances of noncompliance that we reported to management of the County of Presque Isle, Michigan dated March 4, 2005.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, and federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

Anderson, Tackman & Company, PLC
Certified Public Accountants

March 4, 2005



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Chairman and Members of
the Board of Commissioners
Presque Isle County
Rogers City, Michigan

Compliance

We have audited the compliance of the County of Presque Isle, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County of Presque Isle, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Presque Isle, Michigan's management. Our responsibility is to express an opinion on the County of Presque Isle, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Presque Isle, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Presque Isle, Michigan's compliance with those requirements.

As described in items 04-2 and 04-3 in the accompanying schedule of findings and questioned costs, the County of Presque Isle, Michigan did not comply with requirements regarding cash management, reporting, and subrecipient monitoring that are applicable to its CDBG Housing Program. Compliance with such requirements is necessary, in our opinion, for the County of Presque Isle, Michigan to comply with the requirements applicable to that program.

Honorable Chairman and Members
of the Board of Commissioners
County of Presque Isle, Michigan

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Presque Isle, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County of Presque Isle, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Presque Isle, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Presque Isle, Michigan's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants.

Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-2 and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, we believe that none of the reportable conditions described above is a material weakness.

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information, of the County of Presque Isle, Michigan, as of and for the year end December 31, 2004, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Honorable Chairman and Members
of the Board of Commissioners
County of Presque Isle, Michigan

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, and federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

March 4, 2005



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
County of Presque Isle, Michigan
Rogers City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of the County of Presque Isle, Michigan as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the basic financial statements of the Presque Isle County Road Commission, which represents 99% and 99% of the assets and revenues, respectively, of the Component Units. The Road Commission statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the County of Presque Isle, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A complete physical inventory of parts and materials was not performed by the County Road Commission as of December 31, 2004, and the Road Commission auditors were unable to satisfy themselves by means of other auditing procedures. The amount of the parts and materials inventory was \$579,009.

In our opinion, based on our audit and the report of the other auditors, except for the effects on the financial statements of the omissions and matters described in the preceding paragraphs and effects of such adjustments, if any, as might have been determined to be necessary had the inventories of the Road Commission been performed, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate remaining fund information of the County of Presque Isle, Michigan, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The County of Presque Isle, Michigan, implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments* as of January 1, 2004. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2005 on our consideration of the County of Presque Isle, Michigan’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management’s Discussion and Analysis has not been presented which accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Presque Isle, Michigan’s basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to basic financial statements taken as a whole.



Anderson, Tackman & Company, PLC
Certified Public Accountants

March 4, 2005

County of Presque Isle, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
<i>Direct Award:</i>			
USDA	10.433	-	\$ 24,900
Total U.S. Department of Agriculture			24,900
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>Pass-through from the Michigan State Housing Development Authority:</i>			
CDBG Housing Program	14.228	MSC-02-0336-HO	112,804
CDBG Housing Program	14.228	MSC-03-731-HOA	125,412
Subtotal - MSHDA			238,216
<i>Pass-through from the Michigan Economic Development Corporation:</i>			
CDBG - High Wire Corridor Project	14.228	MSC-200068-EDIG	474,129
Total U.S. Department of Housing and Urban Development			712,345
U.S. DEPARTMENT OF JUSTICE:			
<i>Pass-through from Michigan Family Independence Agency:</i>			
Juvenile Accountability Incentive Block Grant	16.523	JABGN-03-71001	3,617
<i>Pass-through from the Michigan Department of Community Health:</i>			
Local Law Enforcement Block Grant	16.580	20040573	61,036
Subtotal - MDCH			61,036
Total U.S. Department of Justice			64,653
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
<i>Pass-through from the State of Michigan Department of State Policy, Emergency Management Division:</i>			
Hazard Mitigation Grant	97.051	-	48,845
Emergency Management - 10-1-03 to 9-30-04	97.042	-	2,380
Emergency Management - 10-1-04 to 9-30-05	97.042	-	794
2002 State Homeland Security Grant	97.004	-	15,773
2003 State Homeland Security Grant Part II Solution Area Planner	97.004	-	36,937
2003 State Homeland Security Grant SHSA	97.004	-	1,774
2003 State Homeland Security Grant Exercise Grant	97.004	-	1,210
2003 State Homeland Security Grant Part II Training Grant	97.004	-	2,572
2002 Supplemental Funds Planning Grant	97.004	-	9,637
Total Federal Emergency Management Agency			119,922
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
<i>Pass-through from the State of Michigan Department of Human Services (DHS):</i>			
Friend of the Court - Incentive	93.560	-	29,182
Friend of the Court - Cooperative Reimbursement	93.563	CS/FOC-03-71001	76,357
Friend of the Court - Cooperative Reimbursement	93.563	CS/FOC-04-71001	25,602
Prosecuting Attorney - Cooperative Reimbursement	93.563	CS/PA-03-71002	17,696
Prosecuting Attorney - Cooperative Reimbursement	93.563	CS/PA-04-71002	5,172
Total U.S. Department of Health & Human Services			154,009

County of Presque Isle, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Passed-through from the Michigan Department of Transportation (MDOT):</i>			
Long Lake Highway	20.205	RR 3680	49,219
Long Lake Highway - Bolton Road	20.205	RR 3886	380,700
Ocqueoc Road	20.205	RR 3085	270
Finley Road Bridge	20.205	RR 3604	717
Subtotal MDOT Administered			430,906
<i>Passed-through from the Michigan Department of Transportation (MDOT)-Local Force Account:</i>			
Tomahawk Highway - culvert replacement	20.205	30181-3-J236	14,000
Grand Lake Road - Bicycle Path	20.205	EE 0142	131,029
Subtotal MDOT - Local Force Account			145,029
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Pass-through from Michigan Department of Transportation:</i>			
<i>Airport Improvement Program:</i>			
Construct perimeter fence, runway protection zone, install supplemental windcone, and relocate existing windcone	20.106	B-26-0135-0504	181,459
Construct runway extension, taxiway rehabilitation, apron construction and master plan	20.106	B-26-0135-0303	1,361,065
Subtotal MDOT Administered - Airport Improvement Program			1,542,524
Total U.S. Department of Transportation			2,118,459
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,194,288

County of Presque Isle, Michigan

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Presque Isle, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B - OVERSIGHT AGENCY:

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Justice, which provided the greatest amount of direct awards to the County during 2004.

NOTE C - FEDERAL GRANTS – ROAD COMMISSION:

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2004, the Federal grants received and expended by the Road Commission was \$430,906 for contracted projects and \$145,029 for local force account projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. Local force account projects are projects where the Road Commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$500,000 or more for local force account projects. The Airport Improvement Grants are administered by MDOT, which monitors the applicable compliance requirements of those projects.

NOTE D - RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Revenue from federal sources – As reported on financial statements (includes all funds)	\$ 587,675
Federal Grants classified to state, local and other revenues	488,154
Federal Grants of Airport Improvement Grants	1,542,524
Component Units revenue from federal sources included in the statement of activities in the basic financial statements	<u>575,935</u>
Federal expenditures per the schedule of expenditures of federal awards.	<u>\$ 3,194,288</u>

County of Presque Isle, Michigan

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

NOTE E - SUBRECIPIENTS:

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
CDBG Housing Grant	Rural Michigan CDC	14.228	\$ 238,216
USDA	Rural Michigan CDC	10.433	<u>24,900</u>
Total federal awards provided to subrecipients			<u>\$ 263,116</u>

County of Presque Isle, Michigan

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2004

Section A - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of Major Programs

CFDA NUMBERS

Name of Federal Program or Cluster

14.228	Community Development Block Grants
97.004	State Domestic Preparedness Equipment Support Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

B. FINDINGS – FINANCIAL STATEMENTS AUDIT***Reportable Conditions – Internal Control*****04-1 Expenditures in Excess of Appropriations and Special Revenue Fund not Budgeted**

Statement of Condition/Criteria: Public Act 621 of 1978 requires that expenditures cannot be incurred until appropriated in accordance with the Uniform Budgeting and Accounting Act. During the fiscal year ended December 31, 2004, the County incurred expenditures in excess of amounts appropriated as follows.

<u>Fund/Function/Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Multi-County Grant	\$ 462,075	\$ 474,129	\$ (12,054)
Housing Commission "F" – State	234,888	297,333	(62,445)
County Foreclosure	-	109,541	(109,541)

Effect: The County has not complied with various State Statutes.

Cause of Condition: Unknown

Recommendation: The Board should monitor and amend the budget as deemed necessary.

C. FINDINGS – AUDITS OF FEDERAL AWARD PROGRAMS***Reportable Conditions – Noncompliance with Federal Regulations*****DEPARTMENT OF HOUSING AND URBAN DEPARTMENT****04-2. *Program(s):* CFDA Number 14.228, Michigan State Housing Department Authority Pass-through Award.**

Criteria: Subpart D (400) (d) (3) of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* states that a pass-through entity shall "monitor the activities of the subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

Condition: Subrecipient monitoring policies have not been implemented for the federal program.

Effect: Without adequate review of subrecipient audit reports, single audit compliance reports and other monitoring procedures, the requirements of OMB Circular A-133 cannot be documented.

C. FINDINGS – AUDITS OF FEDERAL AWARD PROGRAMS (Continued)

Cause: Audit reports of the subrecipient were not requested by the organization.

Recommendation: The County should adopt a subrecipient monitoring policy and implement the appropriate review procedures to assure compliance with federal regulations.

Management's Response – Corrective Action Plan: The County has reviewed the appropriate compliance reports or has requested recent audit reports of subrecipients. Additionally, management is developing a comprehensive monitoring policy. The 2004 audit of the third party administrator was not complete at the time of the County 2004 audit.

04-3. *Program(s):* CFDA Number 14.228, Michigan State Housing Department Authority Pass-through Award.

Criteria: OMB Circular A-133 requires that “when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.”

Condition: Requests for reimbursements reports were submitted to the Michigan State Housing Development Authority before the funds were spent, sometimes several months before the expenditures were billed. The advance line and cash on hand lines on the reports to MSHDA were stated at \$0.00.

Effect: The Reporting and Cash Management compliance requirements for OMB Circular A-133 were violated.

Cause: The 2004 third party administrator requested funds before expenditures were billed.

Recommendation: The County should monitor the reporting process of any third party administrator to verify they are requesting reimbursement of funds for expenditures already spent and if there is an advance, that they minimize the time lapse between reimbursement and payment.

Management's Response – Corrective Action Plan: The County has contracted with a different organization on January 1, 2005 for the administration of the CDBG program.

D. FINDINGS – FINANCIAL STATEMENT AUDIT***Reportable Conditions – Internal Control*****03-1 Expenditures in Excess of Appropriations and Special Revenue Fund not Budgeted**

Statement of Condition/Criteria: Public Act 621 of 1978 requires that expenditures cannot be incurred until appropriated in accordance with the Uniform Budgeting and Accounting Act. During the fiscal year ended December 31, 2004, the County incurred expenditures in excess of amounts appropriated as follows.

<u>Fund/Function/Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
State Survey and Remonumentation			
Grant	\$ 43,671	\$ 45,915	\$ (2,244)
County Elections	500	926	(426)
Parks and Recreation	-	459	(459)
911	100,633	182,483	(81,850)
Resource Recovery	31,583	31,646	(63)
Local Unit Appropriation	96,000	102,275	(6,275)
Law Library	15,000	15,417	(417)
MSU Extension	37,250	42,570	(5,320)
Register of Deeds Technology Fund	-	221	(221)
State Grant Fund	15,936	96,076	(80,140)
Multi – County Grant	-	14,125	(14,125)
Child Care	123,684	229,881	(106,197)
Senior Citizens	266,807	285,700	(18,893)
County Foreclosure Fund	-	76,755	(76,755)

Effect: The County has not complied with various State Statutes.

Cause of Condition: Unknown

Recommendation: The Board should monitor and amend the budget as deemed necessary.